

Crowdfunding: How to and Why to (And How and Why Not to)

Della Rucker, AICP CEcD

Wise Economy Workshop

Jim Cunningham

Queen City Crowdfunding

Brian Horgan

Unionville Tavern Preservation Society

The Agenda:

- Crowdsourcing and Crowdfunding
- The Big Picture
- What Works and some examples
- A Historic Preservation Example
- Opportunities, Limitations and Challenges

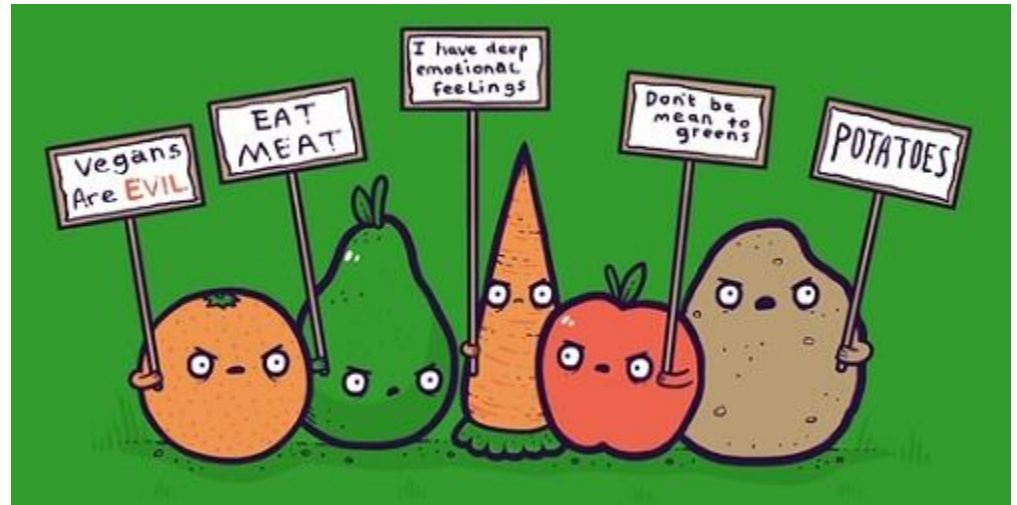
Crowdsourcing or Crowdfunding?



Crowdsourcing =recruiting and using ideas generated by your followers/users



threadless®



Crowdfunding=recruiting financial support from your followers/users



Really? Who does that?

Global crowdfunding:

- 2013: \$6.1 billion
- 2014: \$16.2 billion
- 2015: \$34.4 billion



A few more factoids:

- Over 9 million Kickstarter backers worldwide
- The Storm Electric Bike raised \$3.5 million from 6,293 funders on Indiegogo (this was a huge exception)
- GoFundMe has raised over \$1 billion in pure donations

Why do people give money to crowdfunding?

- To get something cool
- To support a cause or a person that matters to you
- To get a reward
- To feel good about yourself
- ~~To make money~~
- ~~To own a piece of something~~
- ~~To get a return on investment~~



Crowdfunding to get something cool



4,157



561



Embed



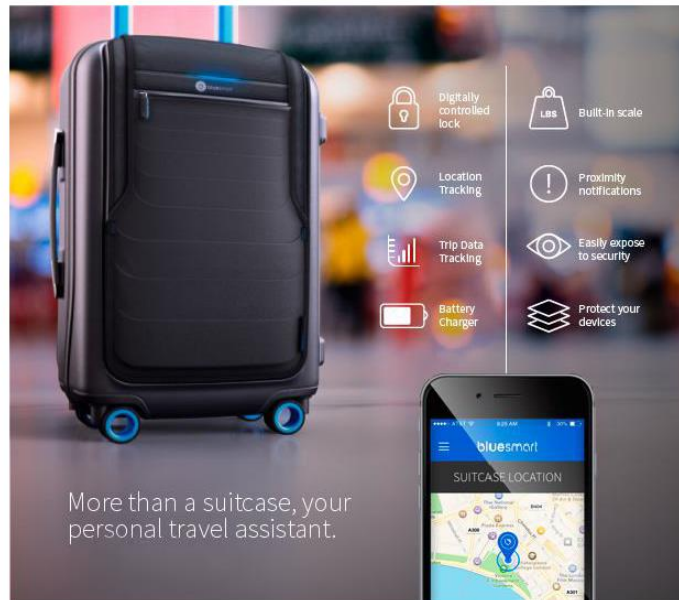
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What is Bluesmart?

Bluesmart is a high-quality carry-on suitcase that you can control from your phone, like a boss. From the app you can lock and unlock it, weigh it, track its location, be notified if you are leaving it behind and find out more about your travel habits. You can also charge your phone 6 times over with a built-in battery. Isn't that awesome?



After decades of no innovation in the luggage industry, we re-imagined the suitcase to solve all the problems of the modern traveler. No more luggage nightmares to spoil your trips. With Bluesmart, you will travel smarter and be the coolest kid in the airport.

\$195 USD

SUPER EARLY ADOPTER

This is one for the special people who want to get in quick! In thanks for your early support you will receive one Bluesmart carry-on at this one time limited offer price of \$195 (including shipping within the US, or \$ 40 for international shipping).

SOLD OUT

Estimated retail price \$ 450 or higher.

200 out of 200 claimed

Estimated delivery: August 2015

\$270 USD

BLUESMART CARRY-ON

Be the ultimate travel baller. For this Indiegogo special price of \$270, you get a Bluesmart carry-on at this one time limited retail price. (Add \$20 for shipping within US, \$70 for Canada & EU countries, and \$100 for everywhere else).

SOLD OUT

100 out of 100 claimed

Estimated delivery: August 2015

\$350 USD

CUSTOM BLUESMART

Due to popular demand, we are adding more units of this one-time only opportunity to get a personalized Bluesmart. Get a Bluesmart with your name & first initial on the front panel.

SOLD OUT

Crowdfunding to help make something good happen (and, usually, get an awesome reward).

Staff Picks: Film & Video


[See all Film & Video projects](#)



AMERICAN MONSTER | A Non-Fiction Crime Thriller

by Yellowbelly Films

Reimagining violence through the story of two unbelievable ritual murders in the American south.

 Documentary

 Winston-Salem, NC

22% funded \$6,675 pledged 80 backers 25 days to go

- Art
- Comics
- Crafts
- Dance
- Design
- Fashion
- Film & Video**
- Food
- Games
- Journalism
- Music
- Photography
- Publishing
- Technology
- Theater

Preservation? Sometimes.

Shipping now

New

Browse perks shipping now from popular Indiegogo campaigns

[VIEW PERKS](#)

CATEGORIES

[All Categories](#)

Animals
Art
Comic
Community
Dance
Design
Education
Environment
Fashion
Film
Food
Gaming
Health
Music
Photography
Politics
Religion
[Small Business](#)
Sports
Technology
Theater
Transmedia

SEARCH

[i](#) Search results for "Huntsridge theater"

COMMUNITY



Save The Historic Huntridge Theater!

This may be our last chance to save The Huntridge from being torn down!

\$207,355 USD

138%

No time left

THEATER



Calabasas High School Theater

Help us fund the 2015-2016 Calabasas High School Theater Program - our biggest season yet!!

\$13,970 USD

14%

28 days left

COMMUNITY



Save the Lansdowne Theater

Help transform the Philadelphia region's last iconic 1920s theater into a unique concert venue.

\$15,553 USD

16%

18 days left

But remember: just because it's with the crowd doesn't mean it's guaranteed.





Something we can't do in Ohio...

Equity or Debt investment
(Buy a share or become a part-owner
of a business, or loan money to a
business).

It's illegal.

We can't? Why???

- “Accredited Investors”
- 2012 Jobs Act
- The Federal SEC since
- The Ohio SEC since



But you said “in Ohio?”

- States can pass *their own* equity crowdfunding rules
- 22 have, including Michigan, Kentucky and Indiana.
- Ohio? Nope.



SMALL BUSINESS

Tired of Waiting for U.S. to Act, States Pass Crowdfunding Laws and Rules

By STACY COWLEY JUNE 3, 2015

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In 2012, President Obama signed a law that he called a “[potential game changer](#)” for entrepreneurs seeking financing to start or expand a business: Small companies looking for financial backers could advertise their offerings online, and average people — not just wealthy accredited investors — would be allowed to buy stakes in businesses they found promising.

More than three years later, entrepreneurs are still waiting for federal regulators to finish drafting the long-overdue rules that would let that part of the law take effect. Now, state agencies and lawmakers, tired of waiting, are taking action, passing crowdfunding laws and regulations to let local businesses raise money from local residents.

The movement is growing. Twenty-two states and the District of Columbia have enacted such rules, nine of them in the last six months. Eleven states are considering creating such laws and procedures. Three more states — Florida, Illinois and New Mexico — have rules or legislation awaiting the governor’s signature.



Andrew Gierczak, left, and Henry Schwartz, two of the founders of MobCraft, a brewery based in Madison, Wis., took advantage of a new state law to raise \$67,000 from 52 state residents. Lauren Justice for The New York Times

RELATED COVERAGE



The Money Issue: ZPM Espresso and the Rage of the Jilted Crowdfunder

Why does that matter for your community?

- Small businesses often have a **hard time accessing capital** (money to invest in their business)
- Many small businesses have **loyal customers and followings**.
- Increasing demand from investors to put money where it will make a reasonable profit *and* meet a personal priority – “**Social impact investing**”
- You can only give away so much stuff.



Crowdfunding 101

Jim Cunningham





Welcome to Queen City Crowdfunding

[Browse Campaigns Now](#)

We publicize local crowdfunding campaigns to the Cincinnati audience, with unique local information. You can run your campaign on a global platform like Kickstarter, and use QCC to attract local contributors. And QCC is FREE!

First Time Here?

Learn about crowdfunding and how to use this site

[Learn More](#)

Campaigners

Join QCC to add your campaign & raise funds

[Raise Funds](#)

Contributors

Browse all QCC campaigns, or search by category

[Browse Campaigns](#)



The Players

- The ***Campaigner*** –raising money
- The Contributor or ***Backer*** – contributes
- The Platform or ***Portal*** – the website where this happens:
 - Kickstarter
 - Indiegogo
 - Fundable
 - hundreds of others



Which companies should crowdfund?

- Business to Business are less likely to succeed than Business to Consumer
- It's best for products that are Not Complicated
- It's a poor choice for Long-range R&D
- If it has Intellectual Property (IP) involved, will secrets or patent protections be at risk of compromise?



Crowdfunding is a Sales project

3 key steps:

- Build your network online (and offline) before you launch; be known and admired
- Launch with clever buzz and a cool video
- Keep creating buzz, to avoid the mid-campaign blahs



Advice for the Campaign

- Make the project **crystal-clear, concise and extremely easy to communicate**
- Show ample **evidence of substantial future success** through past sales or market research
- Provide compelling **Rewards** for Backers
- **Pre-seed** the campaign with press if you can, to increase credibility



Crowdfunding Tool Kit

- - High-Quality Marketing Materials
- - Professional Company Video
- - Current Valuation (for investment crowdfunding)
- - Attractive Rewards
- - Prior Funding & Use of Funds
- - **Media, Email and Social Media Plan**



Thank You

- Jim Cunningham
- Manager of Queen City Crowdfunding
- jcunningham@triannic.com
- 513.477.0809
- www.queencitycrowdfunding.com

The Old Tavern



Unionville, Ohio

Madison Township in Lake County

- Built in 1798
- Served as a frontier depot in the early Western Reserve.
- Served as a place of dining and lodging.
- Served as a post office between Buffalo and Cleveland.
- Expanded in early 1820's.
- Functioned as a "station" on the Underground Railroad.
- Provided a background for the Milton Clarke Incident.
- Visited by industrialists, such as Henry Ford and Thomas Edison.

The Unionville Tavern Preservation Society



- May, 2011 ... “This Place Matters” Community Challenge
- November, 2011... Incorporated as a non-profit
- 2012-2014... Preservation Ohio “Most Endangered Historic Site” status
- August, 2014... Purchased The Unionville Tavern!!!
- November, 2014... Stabilization BEGINS!
- August, 2015... Historic Structure Report and Master Plan

How did we get to Acquisition?

- Community Awareness
- Political and community support
- Media campaigns
- Social media
- Fundraising events and item sales
- Threat of Sheriff auction
- Crowdfunding effort

<http://funds.gofundme.com/index.php?route=printmedia/donationpost...>



30 Days to "Save The Tavern!"



Show your support at the link below...



www.GoFundMe.com/b3umzw



Visit using your phone!

30 Days to "Save The Tavern!"

GOAL: \$30,000 in 30 Days
July 7th – August 6th, 2014

Source	Amount
On-line	\$5,034.00
<u>Off-line</u>	<u>\$16,875.82</u>
TOTAL	\$21,909.82
<u>Less Fees</u>	<u>-\$440.78</u>
GRAND TOTAL	\$21,469.04

What We Learned

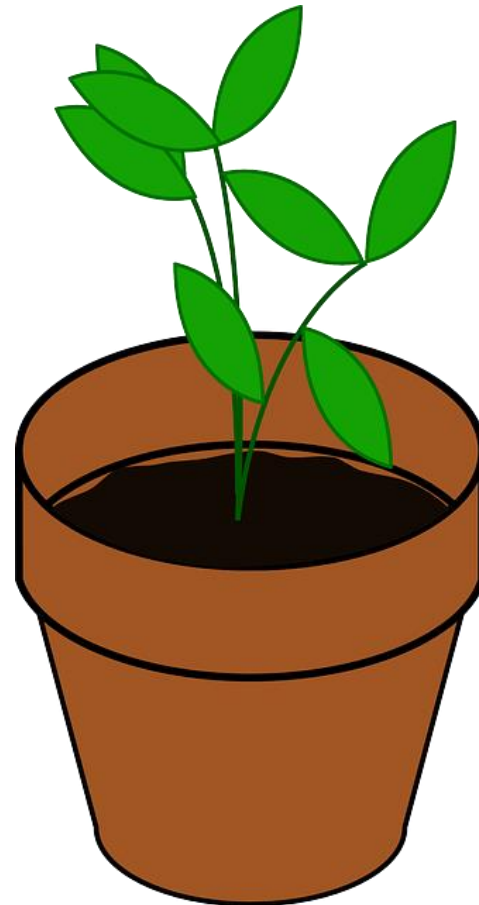
- Provided ability to mobilize support in a short period of time.
- Served as a public relations tool for our acquisition attempt.
- Created a funding source to generate capital quickly.
- Introduced our effort to private donors.
- Helped convince our anonymous donor to commit to the project.

*Learn more about The Old Tavern & The Unionville Tavern Preservation Society on-line at
www.SaveTheTavern.org*

OK... Now what?

So what *can* we do with crowdfunding?

- Fundraise
- Friend-raise
- Seed money
- Small projects
- Demonstrate potential
- Get publicity
- Get started



What do we have to do to get that?

- Offer something that people really want or really **care about**
- Have very **modest needs**
- Something that people can **grasp quickly**
- Good stuff to **give away**
- Strong **social media** reach
- The **right platform** for your type of crowdfunding

And...um...what *can't* we do (probably)?

- Raise **big money**
- Raise money for something **obscure, complex, or with a really long time frame.**
- Get funding **just because of how wonderful we are** (even if it's charity, you have to give them something).
- Reach our goals **without a very strong online and offline network.**
- Give shares in our business or cash interest payments

So what should your businesses and nonprofits do?

- Be **unique, valuable, and loveable**
- Build their customer **tribe** – communicate intensively!
- Build a **track record** of success.
- Capture **contact information** from everywhere, especially email addresses, Twitter and Facebook followers, Pinterest, Medium, any relevant social media

So what should your businesses and nonprofits do?

- Identify a **concrete, modest, easy to understand need** (a specific repair, adding breakfast hours, a book, an event)
- Review a variety of crowdfunding platforms and **read the fine print!**
- Get your project ready for prime time:
 - **Quality** photos, video and graphics
 - A **compelling** description and call to action
 - **Desirable** rewards for your likely funders

So what should your businesses and nonprofits do?

- Line up pre-launch **publicity**
- Evaluate options for **pre-soliciting** – subscriptions, pre-orders.
- Set up a **marketing/promotion plan**
- **Publicize!**
- Give **lots of thank yous**
- **Deliver** on what you promised

Remember: a successful crowdfunder has...

- Something **really awesome** to offer
- A huge social media **following** and email list
- An excellent **reputation** and a close to spotless track record
- Desirable **rewards** and other enticements
- The right crowdfunding **platform** for their needs
- Great **pitch materials** (video, photo, print)
- A consistent and intelligent **marketing plan**
- Ability to **deliver what they promised.**

Thanks!

Della G. Rucker, AICP CEcD

Wise Economy Workshop

wiseeconomy.com

Della.rucker@wiseeconomy.com

[@dellarucker](#)

